

ABSTRACT

DISSERTATION TOPIC: The Changing Role of the State in the Economy: Changes in Comprehension of State from 18th Century to Present

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The state can be defined as an authority derived naturally as a result of living together. The main question which made economists and social scientists discuss on is what the state's role should be in economy. Neutral state approach that limits the influence of the state on the economy and defines the responsibility areas of the state as security, diplomacy and justice was the most accepted state model during 18th and 19th centuries. However the influence of state in the economy increased in the 20th century as a result of technological and political changes such as wars, crisis, politics and the cold war, the ideologies such as marxism and socialism. Keynesians approaches, social policies and interventions carried out in order to create economic development raised the influence of state on the economy in the 20th century. This approach is entitled as welfare state model and this model is restructured after the petroleum crisis at the end of 20th century. In this context searches of effective state are based on the restructuring the state.

In this research the changing role of the state from 18th century to present has been explained considering the historical milestones mentioned above.

Key Words:

Neutral State, Welfare State, Effective State, Economic Change